

Senate File 2342

H-8276

1 Amend the amendment, H-8228, to Senate File 2342,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 1, by striking lines 3 through 25 and  
5 inserting:

6 < \_\_\_\_\_. Page 17, by striking lines 22 through 29.

7 \_\_\_\_\_. Page 17, after line 31 by inserting:

8 <DIVISION \_\_\_\_\_

9 UNCLAIMED LIFE INSURANCE DEATH BENEFITS

10 Sec. \_\_\_\_\_. NEW SECTION. 507B.4C Unclaimed life  
11 insurance.

12 1. *Purpose.* The purpose of this section is to  
13 require complete and proper disclosure, transparency,  
14 and accountability relating to any method of payment  
15 for life insurance death benefits regulated by the  
16 commissioner.

17 2. *Definitions.* As used in this section, unless  
18 the context otherwise requires:

19 a. "Account owner" means the owner of a retained  
20 asset account who is a resident of this state.

21 b. "Annuity" means an annuity contract issued in  
22 this state. "Annuity" does not include any annuity  
23 contract used to fund an employment-based retirement  
24 plan or program where the insurer takes direction from  
25 the plan sponsor or plan administrator.

26 c. "Authorized person" means a policy owner,  
27 insured, annuity owner, annuitant, or account holder,  
28 as applicable under a policy, annuity, or retained  
29 asset account.

30 d. "Death master file" means the United States  
31 social security administration's death master file  
32 or any other database or service that is at least as  
33 comprehensive as the United States social security  
34 administration's death master file for determining that  
35 a person has died.

36 e. "Death master file match" means a search of  
37 the death master file that results in a match of an  
38 authorized person's name and social security number or  
39 an authorized person's name and date of birth.

40 f. "Insurer" means a life insurance company  
41 regulated under chapter 508.

42 g. "Policy" means any policy or certificate of life  
43 insurance issued in this state. "Policy" does not  
44 include any of the following:

45 (1) A policy or certificate of life insurance which  
46 provides a death benefit under an employee benefit  
47 plan subject to the federal Employee Retirement Income  
48 Security Act of 1974, Pub. L. No. 93-406, as codified  
49 at 29 U.S.C. §1002 et seq.

50 (2) A policy or certificate of life insurance which

1 provides a death benefit under an employee benefit plan  
2 subject to a federal employee benefit program.

3 (3) A policy or certificate of life insurance  
4 which is used to fund a preneed plan for cemetery  
5 merchandise, funeral merchandise, funeral services, or  
6 a combination thereof.

7 (4) A policy or certificate of credit life or  
8 accidental death insurance.

9 (5) A policy issued to a group master policyowner  
10 for which the insurer does not provide recordkeeping  
11 services.

12 *h. "Recordkeeping services"* means services provided  
13 by an insurer who has entered into an agreement with a  
14 group policy customer to be responsible for obtaining,  
15 maintaining, and administering in the insurer's own  
16 recordkeeping systems at least all of the following  
17 information about each individual insured under  
18 the insured's group insurance contract or a line of  
19 coverage thereunder:

20 (1) Social security number or name and date of  
21 birth.

22 (2) Beneficiary designation information.

23 (3) Coverage eligibility.

24 (4) Benefit amount.

25 (5) Premium payment status.

26 *i. "Retained asset account"* means an  
27 interest-bearing account set up by an insurer in  
28 the name of the beneficiary of a policy or annuity upon  
29 the death of the insured.

30 3. *Insurer duties.*

31 *a.* For any in-force policy, annuity, or retained  
32 asset account issued for delivery in this state for  
33 which the insurer has not previously been notified of  
34 a claim, an insurer shall perform a comparison of such  
35 policy, annuity, or retained asset account against the  
36 death master file, on at least a semiannual basis, to  
37 identify potential death master file matches.

38 (1) An insurer may comply with the requirements of  
39 this subsection by using the full death master file for  
40 the initial comparison and thereafter using the death  
41 master file update files for subsequent comparisons.

42 (2) Nothing in this section shall be interpreted to  
43 limit the right of an insurer to request a valid death  
44 certificate as part of any claims validation process.

45 *b.* If an insurer learns of the possible death of an  
46 authorized person through a death master file match or  
47 otherwise, the insurer shall, within ninety days, do  
48 all of the following:

49 (1) Complete a good faith effort, which shall be  
50 documented by the insurer, to confirm the death of the

1 authorized person against other available records and  
2 information.

3 (2) Review the insurer's records to determine  
4 whether the deceased authorized person had purchased  
5 any other products from the insurer.

6 (3) Determine whether benefits may be due in  
7 accordance with the applicable policy, annuity, or  
8 retained asset account.

9 (4) If the beneficiary or an authorized person  
10 has not communicated with the insurer within the  
11 ninety-day period, take reasonable steps, which shall  
12 be documented by the insurer, to locate and contact any  
13 beneficiary or other authorized person on the policy,  
14 annuity, or retained asset account, including sending  
15 the beneficiary or other authorized person information  
16 regarding the insurer's claims process and regarding  
17 the need to provide an official death certificate, if  
18 applicable under the policy, annuity, or retained asset  
19 account.

20 c. Every insurer shall implement procedures to  
21 account for all of the following:

22 (1) Common nicknames, initials used in lieu of a  
23 first or middle name, use of a middle name, compound  
24 first and middle names, and interchanged first and  
25 middle names.

26 (2) Compound last names, maiden or married names,  
27 and hyphens, blank spaces, or apostrophes in last  
28 names.

29 (3) Transposition of the month and date portions of  
30 the date of birth.

31 (4) Incomplete social security numbers.

32 d. An insurer may disclose minimum necessary  
33 personal information about a beneficiary or authorized  
34 person to an individual or entity whom the insurer  
35 reasonably believes may be able to assist the insurer  
36 in locating the beneficiary or authorized person  
37 entitled to payment of the claims proceeds.

38 e. An insurer or its service provider shall not  
39 charge a beneficiary or authorized person any fees  
40 or costs associated with a death master file search  
41 conducted pursuant to this section.

42 f. The benefits from a policy, annuity, or retained  
43 asset account, plus any applicable accrued interest,  
44 shall first be payable to designated beneficiaries  
45 or authorized persons, and in the event that the  
46 beneficiaries or authorized persons cannot be found,  
47 shall be reported and remitted to the state as  
48 unclaimed property pursuant to chapters 556 and 633.

49 4. *Rules.* The commissioner shall adopt rules to  
50 administer the provisions of this section.

1     5. *Orders.* The commissioner may issue an order  
2 doing any of the following:  
3     a. Limiting the death master file comparisons  
4 required under subsection 3, paragraph "a", to an  
5 insurer's electronic searchable files or approving a  
6 plan and timeline for conversion of an insurer's files  
7 to electronic searchable files.  
8     b. Exempting an insurer from the death master file  
9 comparisons required under subsection 3, paragraph "a",  
10 or permitting an insurer to perform such comparisons  
11 less frequently than semiannually upon a demonstration  
12 of financial hardship by the insurer.  
13     c. Phasing in requirements for compliance with this  
14 section according to a plan and timeline approved by  
15 the commissioner.  
16     6. *Unfair trade practice.* Failure to meet any  
17 requirement of this section with such frequency as to  
18 constitute a general business practice is an unfair  
19 method of competition and an unfair or deceptive act  
20 or practice in the business of insurance under this  
21 chapter.  
22     7. *Insurer unclaimed property reporting.*  
23     a. If an insurer identifies a person as deceased  
24 through a death master file match as described in  
25 subsection 3, paragraph "a", or other information  
26 source, and validates such information through a  
27 secondary information source, the insurer may report  
28 and remit the proceeds of the policy, annuity, or  
29 retained asset account due to the state prior to the  
30 dates required for such reporting and remittance under  
31 chapter 556, without further notice to or consent by  
32 the state, after attempting to contact any beneficiary  
33 under either of the following circumstances:  
34         (1) The insurer is unable to locate a beneficiary  
35 who is located in this state under the policy, annuity  
36 contract, or retained asset account, after conducting  
37 reasonable search efforts of up to one year after the  
38 insurer's validation of the death master file match.  
39         (2) No beneficiary or person, as applicable for  
40 unclaimed property reporting purposes under chapter  
41 556, has a last known address in this state.  
42     b. Once the insurer has reported upon and remitted  
43 the proceeds of the policy, annuity, or retained  
44 asset account to the state pursuant to chapter 556,  
45 the insurer is relieved from any and all additional  
46 liability to any beneficiary or authorized person  
47 relating to the proceeds reported upon and remitted.  
48     Sec. \_\_\_\_\_. EFFECTIVE DATE. This division of this  
49 Act takes effect July 1, 2015.>  
50     \_\_\_\_\_. By striking page 17, line 34, through page 18,

1 line 24, and inserting:>  
2 2. Page 1, after line 33 by inserting:  
3 <\_\_\_\_. Title page, line 4, after <atters,> by  
4 inserting <including penalties,>>  
5 3. By renumbering as necessary.

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WATTS of Dallas